



BILLING CODE 6717-01-P  
DEPARTMENT OF ENERGY  
Federal Energy Regulatory Commission

Eagle Ford Midstream, LP

Docket No. PR17-2-000

Notice of Staff Protest to Petition  
for Rate Approval

1. Commission staff hereby protests, pursuant to section 284.123(g)(4)(i) of the Commission's regulations, the Petition for Rate Approval filed by Eagle Ford Midstream, LP (Eagle Ford) on October 11, 2016, in the above referenced docket. Pursuant to the Stipulation and Agreement approved by the Commission in Docket Nos. PR12-3-000 and PR12-3-001, Eagle Ford filed a new petition for rate approval, pursuant to 18 CFR 284.123(b)(2), proposing a new rate applicable to its Natural Gas Policy Act (NGPA) section 311 service. Eagle Ford elected to use the Commission's optional notice procedures set forth in section 284.123(g) of the Commission's regulations. Eagle Ford proposes to increase its rates for firm, enhanced, and interruptible transportation services, authorized overrun service, and park and loan service. Eagle Ford also proposes to revise its Statement of Operating Conditions (SOC) applicable to its transportation services performed pursuant to NGPA section 311, which it states is updated solely to reflect the new proposed rates. Eagle Ford states it has not proposed any changes to the operating terms and conditions of its SOC.

2. Commission staff notes that Eagle Ford has not adequately supported its filing and shown that the proposed rates are fair and equitable. Eagle Ford provided a series of summary schedules but did not provide supporting workpapers or any descriptive justification to support its petition for rate approval. For instance, Eagle Ford has not provided support for the discount adjustment used in calculating the billing determinants. In addition, Eagle Ford has not provided an explanation or support for its proposed cost of service and cost of capital, among other issues.

3. Commission staff's specific concerns include Eagle Ford's development of its discount adjustment in designing rates. Eagle Ford requests a 47.3 percent overall discount adjustment to its billing units. However, Eagle Ford has not provided support for the actual calculations of the adjustments and the rationale for them.

4. In addition, Eagle Ford requested a weighted average cost of capital of 10.34 percent. This figure appears to be based upon a hypothetical capital structure of 40 percent debt and 60 percent equity, a 5.23 percent cost of debt and 13.75 percent cost of

equity. However, Eagle Ford has not provided support for either the proposed capital structure or the individual capital cost components.

5. Furthermore, Eagle Ford requested a test year adjustment to operating and maintenance expenses without support for the amount of the adjustment or for the level base year expenses. Eagle Ford did not provide support for the inclusion of administrative and general expenses that were excluded in its prior case, in Docket No. PR12-3-000. Similarly, Eagle Ford did not provide support or explanation of its fivefold increase in plant or the effect of such increase on its cost of service.

6. Finally, Commission staff has concerns regarding certain provisions in Eagle Ford's SOC. For example, it is unclear how Eagle Ford bills Firm Transportation customers and how Eagle Ford allocates capacity for new Firm Transportation customers during periods of constraint.

Dated: December 9, 2016

Kimberly D. Bose,  
Secretary.